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Chiang Issues Statement on 9th Circuit Court of Appeals' Ruling Regarding Unclaimed Property

SACRAMENTO – State Controller John Chiang issued the following statement regarding today's ruling by the 9th Circuit Court of Appeals which upheld the dissolution of a preliminary injunction that barred the State from receiving unclaimed and abandoned property.

“I am pleased the 9th Circuit has upheld the federal court ruling handed down last fall in the wake of reform legislation I sponsored to lift laws that restricted my office from aggressively tracking down and returning abandoned bank accounts, utility refunds and safe deposit box contents to their rightful owners.

“Signed into law in August, Senate Bill 86 provides the most significant property owners' protection in two decades. The law allows my office to notify not only owners of property that already has been sent to the State for safekeeping, but also to contact those whose property is about to be sent to the State, allowing them to reclaim their property or reactivate their accounts.

“As a result, we have already sent more than 2.2 million notices to property owners – more than double the number of notices sent in the past decade. I will continue my efforts to reform the Unclaimed Property program to ensure owners are quickly reunited with their property, banks are prohibited from sending the State safe deposit boxes of customers with other accounts, and restoring the payment of interest on property, a practice that was repealed in 2003.”

Chiang is sponsoring two reform bills this year. SB 1319 would require the State to pay simple interest at the 13-week Treasury bill rate from the time the property is received by the State. The bill also will cut in half the time the Controller's Office has to process claims, and preserve property deemed to have no commercial value for seven years. It also would ban financial institutions from sending safe deposit box items to the State if the owner has another active account and require banks to inform customers about the unclaimed property law.

AB 2221 would lengthen the period of time most accounts must be inactive before it is deemed “abandoned” from the current three years to five years.

California enacted the Unclaimed Property Law in 1959 to safeguard private property from being lost during mergers or bankruptcies, drawn down by service or storage fees, or simply used by private interests for personal gain – either through an unwillingness to find the owner or greed. The law generally provides that businesses must send lost or abandoned property to the State after three years of account inactivity.

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